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SUBJECT: URI PARTY VISIT TO PYONGYANG: DPRK SAID IT IS
COMMITTED TO INITIAL ACTIONS AGREEMENT

REF: SEOUL 1387

CLASSIFIED BY: AMBASSADOR ALEXANDER R. VERSHBOW
FOR REASONS 1.4(B,D)

SUMMARY

11. (C) SUMMARY: Five Uri Party parliamentarians, led by potential presidential candidate Rep. Kim Hyuk-kyu, met with the Ambassador on May 9 to brief him on their May 2-5 trip to Pyongyang. Kim said that the North Korean side had stressed: (a) its commitment to implementing the February 13 "Initial Actions" agreement; and (b) its eagerness to establish diplomatic ties with the United States. Kim said that his delegation -- all members of Uri's Northeast Asian Peace Committee -- visited Pyongyang in part to help build trust between the U.S. and North Korea, which it feared would diminish if the Banco Delta Asia (BDA) issue were not resolved soon.

12. (C) Rep. Lee Hwa-young said that this July 4 would be the 35th anniversary of the 1972 North-South Joint Communiqué for improving inter-Korean relations and that the North wanted to host an international political forum -- its first -- for the occasion. The Ambassador remarked that if so, the forum should be inclusive, reflecting diverse points of view. Rep. Lee Kwang-jae, who is considered to be President Roh Moo-hyun's "right-hand," remarked that North Korea harbored some distrust of China, especially in the way it handled BDA, and that it did not like being so dependent on China for aid. This was why, Kim Hyuk-kyu maintained, the U.S. and ROK should give aid to North Korea in tandem with (not a half-step behind) Six-Party Talks (6PT) progress. Lee Kwang-jae described two competing factions in North Korea: those who wanted to join the international community and those who still subscribed to the old way of thinking. END SUMMARY.

DPRK'S MESSAGE: PLAN TO IMPLEMENT FEB. 13 AGREEMENT

13. (C) Rep. Kim Hyuk-kyu, part of the pro-Roh faction in the National Assembly and likely to make a bid for the

Presidency, told the Ambassador on May 9 that he and four other members of Uri's Northeast Asia Peace Committee (reftel) went to Pyongyang May 2-5 to see if North Korea intended to implement the steps outlined in the February 13 Initial Actions agreement once the BDA issue was resolved. DPRK interlocutors repeatedly said yes, including Vice Chair of the Asia Pacific Peace Committee, Chae Song-chol.

14. (C) Kim said they told the North Koreans that it was important to establish mutual trust between the U.S. and DPRK as a means to resolve other issues. Kim said he shared his views as someone who understood American politics and culture well. (NOTE: Kim lived in the U.S. from 1971 to 1991 and became a successful businessman, serving as president of the Korean Businessmen's Association of New York. Former President Kim Young-sam persuaded him to join Korean politics by appointing him Senior Secretary for Civil Affairs at the Blue House. Kim left the GNP in 2003 and joined the Uri Party. END NOTE.) The DPRK's response was that it truly wanted diplomatic ties with the U.S.; the North Koreans asked the Uri delegation to convey this message to the U.S. Rep. Kim Jong-yull added the delegation had said that the world was watching to see if the DPRK abided by the Initial Actions agreement. If it did not, it would lose the trust of the world, not just the U.S. He had remarked to their interlocutors that the U.S. kept its word -- even in American movies, you never saw characters who stabbed people in the back. The Ambassador quipped that this was good, since Kim Jong-il liked to watch U.S. movies.

RETURNING THE PUEBLO TO THE U.S.

15. (C) Kim Hyuk-kyu had told his interlocutors that it was important for the DPRK to take the initiative to build trust, and said returning the USS Pueblo would be a good opportunity for Kim Jong-il to do that -- not just with the U.S., but also with the rest of the world. He noted that neither the DPRK nor the U.S. would be able actually to use the Pueblo, so returning it would be a symbolic expression of building friendship. Kim recounted how the North Koreans had reacted with surprise to this suggestion, asking if the delegation had consulted with the U.S. before visiting Pyongyang, which Kim denied. Rep. Kim Jong-yull added that the North Koreans were unhappy and became red-faced at the delegation's suggestion. They had said they used the Pueblo as educational material because it was proof of U.S. attacks. Kim Hyuk-kyu said he had told them, "Since you've done so much education, why not return it?" Kim Jong-yull said that he had told their interlocutors that if the DPRK returned the Pueblo, it would prove that that DPRK had changed and could be trusted. The Ambassador remarked that this was complicated. Legally, the Pueblo was not the property of the DPRK, so the DPRK should return it to the U.S. on those grounds. At the same time, he said he doubted that returning it would have a positive impact on the U.S. and might even rekindle old animosity toward North Korea. Lee Kwang-jae said that the North Koreans had raised the same concerns.

16. (C) The Ambassador thanked the delegation for its assurances to North Korea that the U.S. was a country that kept its word, especially since he had doubts about what North Korea intended to do. He confirmed that there was currently very little trust between the U.S. and DPRK. From the joint U.S.-ROK perspective, North Korea had broken its promises to denuclearize made in 1992 and 1994. But the Six-Party Talks (6PT) were a better framework, the Ambassador said, and now we wanted to move forward with the September 19, 2005 Joint Statement and the February 13 Initial Actions agreement. He said the USG thought the Initial Actions agreement was very significant because it established clear commitments and timetables.

17. (C) Regarding establishing diplomatic ties, the Ambassador said that the U.S. was ready to begin the process, as evidenced by the first U.S.-DPRK working group meeting within 30 days of the Initial Actions agreement being signed. But

the USG believed the process must proceed in parallel to the denuclearization process as well as the process of establishing a peace regime. If everything went well, hopefully these could be achieved in 2008. We would not be able to establish diplomatic ties first, he said, as the Uri members were suggesting; but we could take intermediate steps to help build trust with North Korea, such as considering removing the DPRK from the State Sponsors of Terrorism list, reviewing the Trading with the Enemy Act, and engaging in economic and humanitarian exchanges. Opening an Embassy in the DPRK would be the last stage. The prerequisite for all these steps, of course, would be North Korea moving down the path of denuclearization by shutting down and then disabling Yongbyon, declaring all nuclear programs, and finally, verifiably dismantling all its weapons and programs.

DPRK: WE WILL ABIDE BY THE INITIAL ACTIONS AGREEMENT

¶8. (C) Kim Hyuk-kyu responded by saying that the Uri delegation had suggested that North Korea should invite the IAEA inspectors back once BDA was resolved. Their interlocutors had repeatedly said that they would abide by the Initial Actions agreement. Kim said he appreciated that the U.S. had been patient. Since the U.S. was strong and the DPRK was weak, perhaps it was time for the U.S. to "embrace" North Korea.

¶9. (C) The Ambassador said that he was encouraged by the North Koreans' assurances that the DPRK plans to implement the Initial Actions agreement, even if it was late doing so. But, he remarked, the DPRK was losing out on benefits such as heavy fuel oil (HFO) and the goodwill it had gained by signing the Initial Actions agreement. President Bush was committed to finding a diplomatic solution. As he had told President Roh during the APEC meeting in Hanoi last year, the U.S. was prepared to officially end the Korean War and establish peace, as much as he might find it difficult to sign such an agreement with Kim Jong-il. This would depend on North Korea's readiness to denuclearize. If we could put

INTERNATIONAL CONFERENCE TO COMMEMORATE 35TH ANNIVERSARY OF
THE NORTH-SOUTH JOINT COMMUNIQUE

¶10. (C) Lee Hwa-young, who was instrumental in setting up former PM Lee Hae-chan's March visit to Pyongyang through unofficial channels (reftels), said his interlocutors were energized about establishing diplomatic ties with the U.S. and shutting down the Yongbyon nuclear facility; their attitude was more forthcoming than during his previous three visits to Pyongyang.

¶11. (C) Lee Hwa-young said that North Korean interlocutors had told the Uri delegation that they wanted to host an international meeting in Pyongyang on July 4th to commemorate the 35th anniversary of the 1972 North-South Joint Communiqué, for two reasons: 1) to let the world know that the North and South were pursuing peace and dialogue, which would also be advantageous to the Uri Party in advance of the Dec. 2007 ROK presidential elections, he said, smiling; and 2) to convey a message of commitment to peace to the U.S. Lee Kwang-jae added that the July 4 international forum would be the first political event that the DPRK would be hosting. Given that this was the DPRK's suggestion, he sensed that it wanted to draw attention to making peace on the Peninsula. The Ambassador said that the notion of an international conference was interesting, but he hoped that the DPRK would invite people who represented diverse points of view, both from South Korea and other countries. After all, it was Park Chung-hee who had signed the 1972 Communiqué.

DPRK DISTRUSTFUL OF CHINA, ESPECIALLY AFTER BDA

¶12. (C) Lee Hwa-young said that the North Koreans believed that China was partially to blame for the BDA delays, and were also resentful of their dependence on China for aid. Hence, the U.S. should take advantage of this window of opportunity to improve relations with the DPRK. (Comment: This view is consistent with ROK angst about China's growing influence in the DPRK. End Comment.) The Ambassador said that this was all the more reason for North Korea to get beyond BDA and re-engage with the U.S. in the 6PT.

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PRO-ENGAGEMENT AND TRADITIONAL FACTIONS IN DPRK
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¶13. (C) Lee Kwang-jae said that in the DPRK, there was competition between two factions: those who wanted to join the international community and those who were still entrenched in the "old way of thinking." The former wanted to expand economically, but now that "strategic materials" were banned from entering North Korea (to the Kaesong Industrial Complex (KIC)), the group was vulnerable to attack from more conservative forces. Lee recounted how their interlocutors had said, "Don't even mention KIC -- we're very disappointed." He said that once North Korea was back on track implementing the Initial Actions agreement, the U.S. should implement economic measures to strengthen the position of the pro-engagement group. In the end, it was about who "could bring more bread to North Korea."

COMMENT

¶14. (C) Many pundits speculate that the purpose of Kim Hyuk-kyu's visit was to set up a summer summit. That Lee Kwang-jae, once considered the "right hand" of President Roh, joined the group lends weight to speculation that the group was on a presidential mission. Kim, from South Gyeongsang Province, fits Roh's vision of a moderate from the southeast who might be able to carry on Roh's political vision as the next president.
VERSHBOW